Are Europe's cities better?

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CITIES grow in three directions: *in* by crowding, *up* into multi-story buildings, or *out* toward the periphery. Although cities everywhere have developed in each of these ways at various times, nowhere in Europe do urban settlements sprawl as much as in the United States. Less than a quarter of the U.S. population lived in suburbia in 1950. Now well over half does. Why have most European cities remained compact compared to the hyperextended American metropolis?

At first glance, the answer seems elementary. The urban centers of Europe are older, and the populations of their countries did not increase as rapidly in the postwar period, In addition, stringent national land-use laws slowed exurban development, whereas the disjointed jurisdictions in U.S. metropolitan regions encouraged it.

But on closer inspection, this conventional wisdom does not suffice. It is true that the contours of most major urban areas in the United States were formed to a great extent by economic and demographic expansion after the Second World War. But the same was true in much of Europe, where entire cities were reduced to rubble by the war and had to be rebuilt from ground zero.

Consider Germany, whose cities were carpet bombed. Many German cities today are old in name only, and though the country's population as a whole grew less quickly than America's after 1950, West German cities experienced formidable economic growth and in-migrations. Yet the metropolitan population density of the United States is still about one-fourth that of Germany. New York, our densest city, has approximately one-third the number of inhabitants per square mile as Frankfurt.

Sprawl has continued apace even in places where the American population has grown little or not at all in recent decades. From 1970 to 1990, the Chicago area's population rose by only 4 percent, but the region's built-up land increased 46 percent. Metropolitan Cleveland's population actually declined by 8 percent, yet 33 percent more of the area's territory was developed.

The fragmented jurisdictional structure in U.S. metropolitan areas, wherein every suburban town or county has control over the use of land, does not adequately explain sprawl either. Since 1950, about half of America's central cities at least doubled their territory by annexing new suburbs. Houston covered 160 square miles in 1950. By 1980, exercising broad powers to annex its environs, it incorporated 556 square miles. In the same 30-year period, Jacksonville went from being a town of 30 square miles to a regional government enveloping 841 square miles—two-thirds the size of Rhode Island. True, the tri-state region of New York contains some 780 separate localities, some with zoning ordinances that permit only low-density subdivisions. But the urban region of Paris—Ile de France— comprises 1,300 municipalities, all of which have considerable discretion in the consignment of land for development.

To be sure, European central governments presumably oversee these local decisions through nationwide land-use statutes. But is this a telling distinction? The relationship of U.S. state governments to their local communities is roughly analogous to that of Europe's unitary regimes to their respective local entities. Not only are the governments of some of our states behemoths (New York State's annual expenditures, for example, approximate Sweden's entire national budget) but a significant number have enacted territorial planning legislation reminiscent of European guidelines. Indeed, from a legal standpoint, local governments in this country are mere "creatures" of the states, which can direct, modify, or even abolish their localities at will. Many European municipalities, with their ancient independent charters, are less subordinated.

The enforcement of land-use plans varies considerably in Europe. In Germany, as in America, some *Länder* (or states) are more restrictive than others. The Scandinavians, Dutch, and British take planning more seriously than, say, the Italians. The late Antonio Cederna, an astute journalist, wrote volumes about the egregious violations of building and development codes in and around Italy's historic centers. Critics who assume that land regulators in the United States are chronically permissive, whereas Europe's growth managers are always scrupulous and "smart," ought to contemplate, say, the unsightly new suburbs stretching across the northwestern plain of Florence toward Prato, and then visit Long Island's East End, where it is practically impossible to obtain a building permit along many miles of pristine coastline.

Big, fast, and violent

The more important contrasts in urban development between America and Europe lie elsewhere. With three and half million square miles of territory, the United States has had much more space over which to spread its settlements. And on this vast expanse, decentralizing technologies took root and spread decades earlier than in other industrial countries. In 1928, for example, 78 percent of all the motor vehicles in the world were located in the United States. With incomes rising rapidly, and the costs of producing vehicles declining, 56 percent of American families owned an automobile by that time. No European country reached a comparable level of automobile ownership until well after the Second World War. America's motorized multitudes were able to begin commuting between suburban residences and workplaces decades before such an arrangement was imaginable in any other advanced nation.

A more perverse but also distinctive cause of urban sprawl in the United States has been the country's comparatively high level of violent crime. Why a person is ten times more likely to be murdered in America than in Japan, seven times more likely to be raped than in France, or almost four times more likely to be robbed at gun point than in the United Kingdom, is a complex question. But three things are known.

First, although criminal violence has declined markedly here in the past few years, America's cities have remained dangerous by international standards. New York's murder rate dropped by two-thirds between 1991 and 1997, yet there were still 767 homicides committed that year. London, a mega-city of about the same size, had less than 130. Second, the rates of personal victimization, including murder, rape, assault, robbery, and personal theft, tend to be much higher within U.S. central cities than in their surroundings. In 1997, incidents of violent crime inside Washington, D.C., for instance, were six times more frequent than in the city's suburbs. Third, there is a strong correlation between city crime rates and the flight of households and businesses to safer jurisdictions. According to economists Julie Berry Cullen of the University of Michigan and Steven D. Levitt of the University of Chicago, between 1976 and 1993, a city typically lost one resident for every additional crime committed within it.

Opinion surveys regularly rank public safety as a leading consideration in the selection of residential locations. In 1992, when New Yorkers were asked to name "the most important reason" for moving out of town, the most common answer was "crime, lack of safety" (47.2 percent). All other reasons—including "high cost of living" (9.3 percent) and "not enough affordable housing" (5.3 percent)—lagged far behind. Two years ago, when the American Assembly weighed the main obstacles to business investments in the inner cities, it learned that businessmen identified lack of security as *the* principal impediment. In short, crime in America has further depopulated the cores of metropolitan areas, scattering their inhabitants and businesses.

The not-so-invisible hand

In addition to these fundamental differences, the public agendas here and in major European countries have been miles apart. The important distinctions, moreover, have less to do with differing "urban" programs than with other national policies, the consequences of which are less understood.

For example, lavish agricultural subsidies in Europe have kept more farmers in business and dissuaded them from selling their land to developers. Per hectare of farmland, agricultural subventions are 12 times more generous in France than in the United States, a divergence that surely helps explain why small farms still surround Paris but not New York City.

Thanks to scant taxation of gasoline, the price of automotive fuel in the United States is almost a quarter of what it is in Italy. Is it any surprise that Italians would live closer to their urban centers, where they can more easily walk to work or rely on public transportation? On a per capita basis, residents of Milan make an average of 350 trips a year on public transportation; people in San Diego make an average of 17.

Gasoline is not the only form of energy that is much cheaper in the United States than in Europe. Rates for electric power and furnace fuels are too. The expense of heating the equivalent of an average detached U.S. suburban home, and of operating the gigantic home appliances (such as refrigerators and freezers) that substitute for neighborhood stores in many American residential communities, would be daunting to most households in large parts of Europe.

Systems of taxation make a profound difference. European tax structures penalize consumption. Why don't most of the Dutch and Danes vacate their compact towns and cities where many commuters ride bicycles, rather than drive sport-utility vehicles, to work? The sales tax on a new, medium-sized car in the Netherlands is approximately nine times higher than in the United States; in Denmark, 37 times higher. The U.S. tax code favors spending over saving (the latter is effectively taxed twice) and provides inducements to purchase particular goods—most notably houses, since the mortgage interest is deductible. The effect of such provisions is to lead most American families into the suburbs, where spacious dwellings are available and absorb much of the nation's personal savings pool.

Tax policy is not the only factor promoting home ownership in the United States. Federal Housing Administration and Veterans Administration mortgage guarantees financed more than a quarter of the suburban single-family homes built in the immediate postwar period. In Europe, the housing stocks of many countries were decimated by the war. Governments responded to the emergency by erecting apartment buildings and extending rental subsidies to large segments of the population. America also built a good deal of publicly subsidized rental housing in the postwar years, but chiefly to accommodate the most impoverished city-dwellers. Unlike the mixed-income housing complexes scattered around London or Paris, U.S. public housing projects further concentrated the urban poor in the inner cities, turning the likes of Chicago's South Side into breeding grounds of social degradation and violence. Middle-class city-dwellers fled from these places to less perilous locations in the metropolitan fringe.

Few decisions are more consequential for the shape of cities than a society's investments in transportation infrastructure. Government at all levels in the United States has committed hundreds of billions to the construction and maintenance of highways, passenger railroads, and transit systems. What counts, however, is not just the magnitude of the commitment but the *distribution* of the public expenditures among modes of transportation. In the United States, where the share claimed by roads has dwarfed that of alternatives by about six to one, an unrelenting increase in automobile travel and a steady decline in transit usage—however heavily subsidized—was inevitable.

Dense cities dissipate without relatively intensive use of mass transit. In 1945, transit accounted for approximately 35 percent of urban passenger miles traveled in the United States. By 1994, the figure had dwindled to less than 3 percent—or roughly one-fifth the average in Western Europe. If early on, American transportation planners had followed the British or French budgetary practice of allocating between 40 and 60 percent of their transport outlays to passenger railroads and mass transit systems, instead of nearly 85 percent for highways, there is little question that many U.S. cities would be more compressed today.

Dense cities also require a vibrant economy of neighborhood shops and services. (Why live in town if performing life's simplest everyday functions, like picking up fresh groceries for supper, requires driving to distant vendors?) But local shopkeepers cannot compete with the regional megastores that are proliferating in America's metropolitan shopping centers and strip malls. Multiple restrictions on the penetration and predatory pricing practices of large retailers in various European countries protect small urban businesses. The costs to consumers are high, but the convenience and intimacy of London's "high streets" or of the corner markets in virtually every Parisian *arrondissement* are preserved.

"Shift and shaft" federalism

Europe's cities retain their merchants and inhabitants for yet another reason: European municipalities typically do not face the same fiscal liabilities as U.S. cities. Local governments in Germany derive less than one-third of their income from local revenues; higher levels of government transfer the rest. For a wide range of basic functions—including educational institutions, hospitals, prisons, courts, utilities, and so on—the national treasury funds as much as 80 percent of the expense incurred by England's local councils. Localities in Italy and the Netherlands raise only about 10 percent of their budgets locally. In contrast, U.S. urban governments must largely support themselves: They collect two-thirds of their revenues from local sources.

In principle, self-sufficiency is a virtue; municipal taxpayers ought to pay directly for the essential services they use. But in practice, these taxpayers are also being asked to finance plenty of other costly projects, many of which are mandated, but underfunded, by the federal government. Affluent jurisdictions may be able to absorb this added burden, but communities strapped for revenues often cannot. To satisfy the federal government's paternalistic commands, many old cities have been forced to raise taxes and cut the services that local residents need or value most. In response, businesses and middle-class households flee to the suburbs.

America's public schools are perhaps the clearest example of a crucial local service that is tottering under the weight of unfunded federal directives. Few nations, if any, devote as large a share of their total public education expenditures to *non-teaching* personnel. There may be several excuses for this lopsided administrative overhead, but one explanation is almost certainly the growth of government regulation and the armies of academic administrators needed to handle the red tape.

Schools are required, among other things, to test drinking water, remove asbestos, perform recycling, insure "gender equity," and provide something called "special education." The latter program alone forces local authorities to set aside upwards of $30 billion a year to meet the needs of students with disabilities. Meanwhile, according to a 1996 report by the U.S. Advisory Commission on Intergovernmental Relations, the federal government reimburses a paltry 8 percent of the expense. Compliance costs for urban school districts, where the concentrations of learning-disabled pupils are high and the means to support them low, can be particularly onerous. Out of a total $850 million of local funds budgeted for 77,000 students in the District of Columbia, for instance, $170 million has been earmarked for approximately 8,000 students receiving "special education."

Wretched schools are among the reasons why most American families have fled the cities for greener pastures. It is hard enough for distressed school systems like the District's, which struggle to impart even rudimentary literacy, to compete with their wealthier suburban counterparts. The difficulty is compounded by federal laws that, without adequate recompense, divert scarce educational resources from serving the overwhelming majority of students.

Schools are but one of many municipal services straining to defray centrally dictated expenses. Consider the plight of urban mass transit in the United States. Its empty seats and colossal operating deficits are no secret. Less acknowledged are the significant financial obligations imposed by Section 504 of the Rehabilitation Act and subsequent legislation. To comply with the Department of Transportation's rules for retrofitting public buses and subways, New York City estimated in 1980 that it would need to spend more than $1 billion in capital improvements on top of $50 million in recurring annual operating costs.

As the city's mayor, Edward I. Koch, said at the time, "It would be cheaper for us to provide every severely disabled person with taxi service than make 255 of our subway stations accessible."

Although the Reagan administration later lowered these costs, passage of the Americans with Disabilities Act in 1990 led to a new round of pricey special accommodations in New York and other cities with established transit systems. Never mind that the Washington Metro is the nation's most modern and well-designed subway system. It has been ordered to tear up 45 stations and install bumpy tiles along platform edges to accommodate the sight impaired, a multi-million dollar effort. At issue here, as in the Individuals with Disabilities Education Act, is not whether provisions for the handicapped are desirable and just. Rather, the puzzle is how Congress can sincerely claim to champion these causes if it scarcely appropriates the money to advance them.

Nearly two decades ago, Mayor Koch detailed in *The Public Interest* what he called the "millstone" of some 47 unfunded mandates.[1] The tally of national statutes encumbering U.S. local governments since then has surpassed at least one hundred. And this does not count the hundreds of federal court orders and agency rulings that micromanage, and often drain, local resources. By 1994, Los Angeles estimated that federally mandated programs were costing the city approximately $840 million a year. Erasing that debit from the city's revenue requirements, either by meeting it with federal and state aid or by substantial recisions, would be tantamount to reducing city taxes as much as 20 percent. A windfall that large could do more to reclaim the city's slums, and halt the hollowing out of core communities, than would all of the region's planned "empowerment zones," "smart growth" initiatives, and "livability" bond issues.

Follow Europe?

To conclude that greater fiscal burden sharing and a wide range of other public policies help sustain Europe's concentrated cities is not to say, of course, that all those policies have enhanced the welfare of Europeans—and hence, that the United States ought to emulate them. The central governments of Western Europe may assume more financial responsibilities instead of bucking them down to the local level, but these top-heavy regimes also levy much higher taxes. Fully funding all of Washington's many social mandates with national tax dollars would mean, as in much of Europe, a more centralized and bloated welfare state.

Most households are not better off when farmers are heavily subsidized, or when anticompetitive practices protect micro-businesses at the expense of larger, more efficient firms. Nor would most consumers gain greater satisfaction from housing strategies that encourage renter occupancy but not homeownership, or from gas taxes and transportation policies that force people out of their cars and onto buses, trains, or bicycles.

In fact, these sorts of public biases have exacted an economic toll in various Western European countries, and certainly in Japan, while the United States has prospered in part because its economy is less regulated, and its metropolitan areas have been allowed to decompress. So suffocating is the extreme concentration of people and functions in the Tokyo area that government planners now view decentralization as a top economic priority. Parts of the British economy, too, seem squeezed by development controls. A recent report by McKinsey and Company attributes lagging productivity in key sectors to Britain's land-use restrictions that hinder entry and expansion of the most productive firms.

The densely settled cities of Europe teem with small shops. But the magnetic small-business presence reflects, at least in part, a heavily regulated labor market that stifles entrepreneurs who wish to expand and thus employ more workers. As the *Economist* noted in a review of the Italian economy, "Italy's plethora of small firms is as much an indictment of its economy as a triumph: many seem to lack either the will or the capital to keep growing." The lack of will is not surprising; moving from small to midsize or large means taking on employees who are nearly impossible to lay off when times turn bad, and it means saddling a company with costly mandated payroll benefits. Italy may have succeeded in conserving clusters of small businesses in its old cities and towns, but perhaps at the price of abetting double-digit unemployment in its economy as a whole.

Striking a balance

America's strewn-out cities are not without their own inefficiencies. The sprawling conurbations demand, for one thing, virtually complete reliance on automotive travel, thereby raising per capita consumption of motor fuel to four times the average of cities in Europe. That extraordinary level of fossil-fuel combustion complicates U.S. efforts to lower this country's considerable contribution to the buildup of greenhouse gases. Our seemingly unbounded suburbanization has also blighted central cities that possess irreplaceable architectural and historic assets. A form of metropolitan growth that displaces only bleak and obsolescent urban relics, increasingly discarded by almost everyone, may actually be welfare-enhancing. A growth process that also blights and abandons a nation's important civic and cultural centers, however, is rightfully grounds for concern.

Still, proposals to reconfigure urban development in the United States need to shed several misconceptions. As research by Helen Ladd of Duke University has shown, the costs of delivering services in high-density settlements frequently increase, not decrease. Traffic congestion at central nodes also tends to worsen with density, and more people may be exposed to hazardous levels of soot and smog. (The inhabitants of Manhattan drive fewer vehicle miles per capita than persons who inhabit New York's low-density suburbs. Nevertheless, Manhattan's air is often less healthy because the borough's traffic is unremittingly thick and seldom free-flowing, and more people live amid the fumes.) Growth boundaries, such as those circumscribing Portland, Oregon, raise real estate values, so housing inside the boundaries becomes less, not more, "affordable." Even the preservation of farmland, a high priority of managed growth plans, should be placed in proper perspective. The United States is the world's most productive agricultural producer, with ample capacity to spare. Propping up marginal farms in urbanizing areas may not put this acreage to uses most valued by society.

In sum, the diffuse pattern of urban growth in the United States is partly a consequence of particular geographic conditions, cultural characteristics, and raw market forces, but also an accidental outcome of certain government policies. Several of these formative influences differ fundamentally from those that have shaped European cities. Critics of the low-density American cityscape may admire the European model, but they would do well to recognize the full breadth of hard policy choices, and tough tradeoffs, that would have to be made before the constraints on sprawl in this country could even faintly begin to resemble Europe's.

Note

1. Edward I. Koch, "The Mandate Millstone," *The Public Interest*, Number 61, Fall 1980.

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